

Message Text

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FM AMEMBASSY LUXEMBOURG

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INFO AMEMBASSY BONN

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USMISSION EC BRUSSELS UNN

USMISSION OECD PARIS UNN

C O N F I D E N T I A L LUXEMBOURG 0037

E.O. 11652: GDS

TAGS: EFIN,

SUBJ: GOL BANK COMMISSIONER COMMENTS ON OECD FINANCING FACILITY

DURING CONVERSATION ON JANUARY 17 WITH ECON OFFICER, ALBERT DONDELINGER, GOL BANKING COMMISSIONER, SAID THAT GOL IS VERY INTERESTED IN THE MANNER IN WHICH THE OECD FINANCING FACILITY WOULD OBTAIN THE FUNDS WITH WHICH TO LEND. DONDELINGER DOES NOT EXPECT LUXEMBOURG, BECAUSE OF ITS STRONG FINANCIAL POSITION, TO NEED FUNDS FROM THE FACILITY. HE IS ANXIOUS, HOWEVER, THAT LUXEMBOURG, AS A GROWING INTERNATIONAL FINANCIAL PLACE, BE AFFORDED THE OPPORTUNITY TO PARTICIPATE IN THE BORROWINGS BY THE NEW FUND. TOWARD THIS END, DONDE-
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LINGER BELIEVES THAT THE FACILITY SHOULD UTILIZE PRIVATE

MARKETS TO RAISE FUNDS NEEDED, WITH OECD MEMBER STATES ACTING AS GUARANTORS. OECD NATIONS SHOULD NOT LEND DIRECTLY TO THE FUND. ALTHOUGH DONDELINGER RECOGNIZES THAT DIRECT LENDING IS CHEAPER AND OFTEN MORE EFFICIENT THAN GUARANTEES, HE BELIEVES THAT THE FUND SHOULD FACILITATE THE USE OF PRIVATE MARKET CHANNELS RATHER THAN COMPETE WITH THEM. HE THUS SEES THE OECD FINANCIAL FACILITY AS RAISING FUNDS FROM BOTH THE OIL PRODUCING NATIONS AND THE FINANCIAL MARKETS. DONDELINGER INDICATED THAT HIS VIEWS WILL BE REFLECTED BY OFFICIAL POSITIONS TAKEN BY GOL IN THE EC DISCUSSIONS ON THE FINANCIAL FACILITY. HE EXPECTS THE UK AND FRANCE TO SUPPORT THIS VIEW, AT LEAST PARTIALLY, BUT IS UNSURE OF THE REACTION OF THE OTHER EC STATES.

2. COMMENT DONDELINGER, AS THE ONLY INTERNATIONAL FINANCIAL EXPERT HELD OVER FROM THE PREVIOUS GOL, APPEARS TO BE PLAYING A LARGER ROLE THAN FORMERLY IN THE FORMULATION OF GOL FOREIGN MONETARY POLICY. UNDER THE FORMER GOVERNMENT HEADED BY PIERRE WERNER, DONDELINGER SERVED MORE AS A TECHNICIAN, DILIGENTLY CARRYING OUT POLICY DECIDED BY WERNER, WHO WAS HIS OWN FINANCIAL EXPERT. UNDER THE INEXPERIENCED SOCIALIST FINANCE MINISTER VOUEL, DONDELINGER HAS BECOME BOTH MORE VISIBLE, APPEARING OFTEN AS A SPEAKER ON INTERNATIONAL ECONOMIC MATTERS, AND MORE INFLUENTIAL IN THE POLICY MAKING PROCESS. DONDELINGER HAS ALSO ESTABLISHED A CLOSE WORKING RELATIONSHIP WITH VOUEL, AND HIS IDEAS ON FINANCIAL AND MONETARY MATTERS ARE BEING REFLECTED IN OFFICIAL GOL POLICY. END COMMENT. TARNOFF

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